



FEDERAL ELECTION COMMISSION

WASHINGTON, D.C. 20463

October 12, 1999

CERTIFIED MAIL
RETURN RECEIPT REQUESTED

Charles H. Roistacher, Esq.
Brett G. Kappel, Esq.
Powell, Goldstein, Frazer & Murphy, LLP
1001 Pennsylvania Avenue, N.W., Sixth Floor
Washington, D.C. 20004


RE: MURs 4322 and 4650

Dear Messrs. Roistacher and Kappel:

This is in reference to the complaint Michael Chanin, Esquire, of your office, filed with the Federal Election Commission on March 8, 1996 concerning Joseph P. Waldholtz. After conducting an investigation in this matter, in addition to the findings made regarding your clients, the Commission found that there was probable cause to believe Joseph Waldholtz knowingly and willfully violated 2 U.S.C. § 432(b)(3), 2 U.S.C. § 434(b), 2 U.S.C. § 441a(f), 2 U.S.C. § 441b(a), 2 U.S.C. § 441f, and 2 U.S.C. § 441g, provisions of the Federal Election Campaign Act of 1971, as amended. On October 4, 1999, a conciliation agreement signed by Joseph Waldholtz was accepted by the Commission, thereby concluding the matter. Accordingly, the Commission closed the file in this matter on October 4, 1999. A copy of this agreement is enclosed for your information.

If you have any questions, please contact me at (202) 694-1650.

Sincerely,


Kamau Philbert
Attorney

Enclosure
Conciliation Agreement

BEFORE THE FEDERAL ELECTION COMMISSION

In the Matter of

Joseph P. Waldholtz

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MURs 4322 and 4650

CONCILIATION AGREEMENT

This matter was initiated by a signed, sworn, and notarized complaint by Michael H. Chanin, Esq., counsel for Enid '94 and Enid '96 committees. An investigation was conducted, and the Federal Election Commission ("Commission") found probable cause to believe that Joseph P. Waldholtz ("Respondent") knowingly and willfully violated 2 U.S.C. § 432(b)(3), 2 U.S.C. § 434(b), 2 U.S.C. § 441a(f), 2 U.S.C. § 441b(a), 2 U.S.C. § 441f, and 2 U.S.C. § 441g.

NOW, THEREFORE, the Commission and the Respondent, having duly entered into conciliation pursuant to 2 U.S.C. § 437g(a)(4)(A)(i), do hereby agree as follows:

- I. The Commission has jurisdiction over the Respondent and the subject matter of this proceeding.
- II. Respondent has had a reasonable opportunity to demonstrate that no action should be taken in this matter.
- III. Respondent enters voluntarily into this agreement with the Commission.
- IV. The pertinent facts in this matter are as follows:

PARTIES

1. Former Representative Enid Greene won the 1994 election for Congress in Utah's Second Congressional District and served one term in Congress.

2. Enid '94 is the principal campaign committee of former Representative Enid Greene's 1994 congressional campaign. Enid '96 is her 1996 reelection committee. Enid '94 and Enid '96 are political committees within the meaning of 2 U.S.C. § 431(4).
3. Joseph P. Waldholtz, the former husband of Enid Greene, was the treasurer of Enid '94 and Enid '96 from December of 1993 to December of 1995.
4. D. Forrest Greene is Enid Greene's father.

LAW

5. The Federal Election Campaign Act of 1971, as amended ("the Act") provides that all funds of a political committee shall be segregated from, and may not be commingled with, the personal funds of any individual. 2 U.S.C. § 432(b)(3).
6. Section 434(b)(3)(A) of the Act requires a political committee to file periodic reports identifying each person who makes a contribution to the reporting committee during the reporting period, whose contribution or contributions total more than \$200 within the calendar year, together with the date and amount of any such contribution. 2 U.S.C. § 434(b)(3)(A). Section 434(b)(6)(A) of the Act also requires a political committee to file periodic reports identifying the name and address of each person who has received any disbursement over \$200 within the calendar year, together with the date and amount of any such disbursement. 2 U.S.C. § 434(b)(6)(A). The Commission's regulations at 11 C.F.R. § 104.14(d) provide that each treasurer of a political committee, and any other person required to file any report or statement under these regulations and under the Act, shall be personally responsible for the

timely and complete filing of the report or statement and for the accuracy of any information or statement contained in it. 11 C.F.R. § 104.14(d).

7. Section 441a of the Act prohibits any person from making contributions to any candidate or an authorized political committee with respect to any election for Federal office which, in the aggregate, exceed \$1,000. 2 U.S.C. § 441a(a)(1)(A). This provision also prohibits any individual from making contributions aggregating more than \$25,000 in any calendar year. 2 U.S.C. § 441a(a)(3). Section 441a also provides that no officer or employee of a political committee shall knowingly accept a contribution made for the benefit or use of a candidate, or knowingly make any expenditure on behalf of a candidate, in violation of any limitation imposed on contributions and expenditures under this section. 2 U.S.C. § 441a(f).
8. Section 441b of the Act makes it unlawful for any corporation to make a contribution or expenditure in connection with any election to any political office, or for any candidate, political committee, or other person knowingly to accept or receive any contribution prohibited by this section, or any officer or any director of any corporation to consent to any contribution or expenditure by the corporation. 2 U.S.C. § 441b(a).
9. Section 441f of the Act provides that no person shall make a contribution in the name of another person or knowingly permit his name to be used to effect such a contribution, and no person shall knowingly accept a contribution made by one person in the name of another person. 2 U.S.C. § 441f. The Commission's regulations also provide that no person shall knowingly help or assist any person in making a contribution in the name of another. 11 C.F.R. § 110.4(b)(iii).

10. Section 441g of the Act further provides that no person shall make contributions of currency of the United States or currency of any foreign country to or for the benefit of any candidate which, in the aggregate, exceed \$100, with respect to any campaign of such candidate for nomination for election, or for election, to Federal office. 2 U.S.C. § 441g.
11. The Commission's regulations provide that candidates for Federal office may make unlimited expenditures from personal funds. Personal funds include assets jointly owned with the candidate's spouse. The portion of the joint asset that shall be considered personal funds of the candidate shall be that portion which is the candidate's share by instrument(s) of conveyance or ownership. If no specific share is designated, the value of one-half of the property used shall be considered as personal funds of the candidate. 11 C.F.R. § 110.10.

FACTS

12. Joseph Waldholtz and Enid Greene were married in August of 1993 in Salt Lake City, Utah. Joseph Waldholtz portrayed himself as a millionaire, a beneficiary of an over \$300 million Waldholtz Family Trust, and he told Enid Greene he had given her \$5 million as a wedding gift.
13. On December 21, 1993, Enid Greene filed a Statement of Candidacy for the U.S. House of Representatives for the Second District of Utah, and designated Enid '94 as her principal campaign committee for the November 8, 1994 election. Joseph Waldholtz was designated treasurer.

14. Sometime in mid-January of 1994, shortly after Enid Greene established her 1994 campaign, she and Joseph Waldholtz visited her father, D. Forrest Greene, at his home in Salt Lake City, Utah and requested \$60,000 from him. Gerda Greene, Enid Greene's mother, was also present. Purportedly, Joseph Waldholtz requested the money in order to assist his mother who was mentally ill and was undergoing financial problems. On January 21, 1994, D. Forrest Greene provided the \$60,000 to Joseph Waldholtz by wire transfer to Joseph Waldholtz's account in Pennsylvania. About a week later, Joseph Waldholtz requested additional funds from D. Forrest Greene by telephone. On February 1, 1994, D. Forrest Greene wrote a check for \$24,000. This check was made out to Joseph Waldholtz and Enid Greene and was deposited into one of their joint accounts.
15. Thereafter, Joseph Waldholtz or Enid Greene periodically telephoned D. Forrest Greene at D. Forrest Greene's San Francisco office and requested additional funds. D. Forrest Greene transferred the money to Joseph Waldholtz and Enid Greene's joint bank accounts. As shown in the chart below, D. Forrest Greene made a total of 24 transfers of funds to Joseph Waldholtz and Enid Greene.

FUND TRANSFERS FROM D. FORREST GREENE

Date of Check or Wire	Personal Check or Wire Transfer	Amount
1/21/94	WT	\$60,000.00
2/1/94	PC	\$24,000.00
4/29/94	PC	\$56,000.00
5/9/94	PC	\$60,000.00
5/16/94	PC	\$75,000.00
6/21/94	WT	\$80,000.00
7/7/94	WT	\$150,000.00
7/7/94	WT	\$10,000.00
8/8/94	WT	\$83,000.00
8/25/94	PC	\$55,000.00
9/2/94	WT	\$187,000.00
9/12/94	PC	\$150,000.00
9/19/94	WT	\$381,000.00
10/18/94	WT	\$336,000.00
10/21/94	WT	\$400,000.00
10/28/94	WT	\$350,000.00
11/8/94	WT	\$69,000.00
11/14/94	WT	\$200,000.00
1/9/95	WT	\$275,000.00
7/18/95	WT	\$13,000.00
8/15/95	WT	\$250,000.00
8/15/95	WT	\$7,426.00
4/11/95	WT	\$408,000.00
10/12/95	WT	\$308,000.00
TOTAL		\$3,987,426.00

16. The funds were provided by wire transfers (18 of them) or by personal checks (6 of them). The checks were mailed to Joseph Waldholtz. Copies of the canceled checks and the wire transfer documents show that the majority of the checks and wire transfers were made out to Joseph Waldholtz and Enid Greene jointly and were

deposited into their joint checking accounts. A few of the wire transfers were made out to Joseph Waldholtz solely: the January 21, July 7, and August 8, 1994, and the April 11, 1995 wire transfers. A June 21, 1994 wire transfer in the amount of \$80,000 was made out to Enid Greene solely. These wire transfers were all deposited into their joint accounts.

17. The majority of the funds (\$2.1 million of the \$4 million) was transferred between August and November of 1994, in the three months prior to the 1994 election.

Sometime in late August or early September of 1994, when the campaign needed more money in the final months before the election, Waldholtz advised Enid Greene that all of the Waldholtz Family Trust funds were frozen, including the \$5 million that Joseph Waldholtz had given her, because of a lawsuit regarding the administration of the Trust. Joseph Waldholtz then advised Enid Greene that he owned real estate in Pittsburgh, and that she was entitled to one-half. Purportedly, the property was worth \$2.2 million dollars and there was a ready buyer.

18. Joseph Waldholtz and Enid Greene then proceeded to obtain funds from D. Forrest Greene with the understanding that Mr. Greene would be repaid from an assignment of the sale proceeds of Enid Greene's portion of the property (\$1.1 million). There was no record or documentation of the assignment. As it turned out, there was no real estate.

19. The funds were used to finance Enid Greene's campaigns. Over \$1.1 million appeared in Enid '94 disclosure reports as Enid Greene's personal funds and \$552,000, unreported, was used to pay campaign expenses during this period. These funds enabled Enid Greene to buy substantial amounts of television time and send out

personalized direct mailings targeting her competitors during the August to November period. Enid Greene won the 1994 election with 46 percent of the vote. In January of 1995, Enid Greene was sworn in as a Member of Congress, and she and Joseph Waldholtz moved to Washington, D.C.

20. Information shows that Joseph Waldholtz was able to carry out the transactions discussed above, in part, because he had access to several joint personal checking accounts with Enid Greene in addition to the campaign accounts mentioned above. The personal checking accounts were opened initially either as joint accounts or were opened by Enid Greene or Joseph Waldholtz individually, and the other was subsequently added to the accounts. The accounts generally were opened on or after May 19, 1993 and were closed in November, 1995. Joseph Waldholtz also had access to, and control over, three additional personal banking accounts of relatives at financial institutions in his hometown, Pittsburgh, Pennsylvania. One of those bank accounts was in Joseph Waldholtz's name, the other bank account was in the name of his mother, Barbara Waldholtz, and the third bank account was in the name of his grandmother, Rebecca Levenson.
21. Following the 1994 election, federal criminal investigators began an inquiry into Enid Greene's 1994 campaign based on questions raised in Utah about the source of the large sums of money Enid Greene was reported to have spent on her campaign.
22. The U.S. Attorney's Office in Washington, D.C. initiated a formal investigation, and Joseph Waldholtz was indicted on May 2, 1996 on 27 counts of bank fraud. He pleaded guilty to bank, election and tax fraud in the U.S. District Court in

Washington, D.C. on June 5, 1996 and was sentenced to 37 months in prison on November 7, 1996.

23. In the plea agreement with the U. S. Attorney's Office signed on June 3, 1996, Joseph Waldholtz admitted to violations of the Act. Specifically, he admitted to falsifying, signing, and filing the 1994 Year End Report for Enid '94 with the Commission. He also affirmed that in 1994, D. Forrest Greene deposited approximately \$2,800,000 into his and Enid Greene's personal bank accounts and that almost \$1,800,000 of that money was transferred to Enid '94. He also admitted that he subsequently reported on various campaign disclosure reports, including the 1994 Year End Report, that the funds were Enid Greene's personal assets. Finally, he admitted that he included "ghost contributors" on reports filed with the Commission on behalf of the Enid '94 committee.
24. On May 1, 1996, D. Forrest Greene filed a lawsuit against Joseph Waldholtz for misuse of the almost \$4,000,000 at issue. Joseph Waldholtz invoked the Fifth Amendment in response to D. Forrest Greene's complaint. Based on Joseph Waldholtz's response and his failure to respond to D. Forrest Greene's request for summary judgment, the court granted summary judgment in favor of D. Forrest Greene on July 25, 1996, and ordered Waldholtz to repay the almost \$4,000,000 to D. Forrest Greene.
25. Joseph Waldholtz knowingly and willfully misreported or failed to report eighty contributions totaling at least \$1,821,543 to Enid '94 and Enid '96 committees. The vast majority of the contributions, \$1,752,688, (consisting of 63 separate contributions) were made to Enid '94. A total of \$68,850 (consisting of 17 separate

contributions) was made to Enid '96. Each of the eighty contributions was over \$1,000. The contributions were concealed in several ways. Twenty-eight contributions totaling at least \$984,000 were reported in Enid Greene's name. Eleven contributions totaling \$18,325 (\$15,825 to Enid '94 and \$2,500 to Enid '96) were made in cash and not reported to the Commission. Forty-one contributions totaling at least \$819,218 were made by transferring funds directly between personal checking accounts under Joseph Waldholtz's control and Enid '94 and Enid '96 campaign accounts. These contributions were not reported to the Commission.

26. In addition, Joseph Waldholtz falsely identified as contributors on the 1994 April Quarterly Report forty-three (43) individuals who either do not exist or did not contribute to Enid '94. The inclusion of the "ghost contributors" caused that report to overstate the amount of contributions received by \$66,450. Joseph Waldholtz also failed to report two \$1,000 contributions to Enid '94 from two individuals and an additional eight contributions in excess of \$200. Joseph Waldholtz also reported on the 1995 July 31 Mid - Year Report for Enid '96 that he made a \$1,000 contribution on May 1, 1995. However, no such contribution was made.

27. Joseph Waldholtz knowingly and willfully accepted or received eighty excessive contributions totaling at least \$1,821,543 as treasurer of Enid '94 and Enid '96. Joseph Waldholtz knowingly and willfully accepted or received a \$1,000 corporate contribution from Keystone Promotions, Inc. as an individual contribution by F. Richard Call, the owner of Keystone. Joseph Waldholtz knowingly and willfully accepted contributions totaling at least \$1,821,543 in the name of another. Finally, Joseph Waldholtz knowingly and willfully commingled at least \$91,957 of campaign

funds with his own personal funds or those of his relatives and improperly used his personal credit cards to pay for legitimate campaign expenses.

28. As Joseph Waldholtz was criminally convicted and incarcerated for the activity at issue, and recognizing his continued confinement, his outstanding debts and limited financial ability, the Commission will forgo the payment of a civil penalty.

29. As a representation material to the Commission's agreement to forgo the payment of a civil penalty, by signing this agreement, Joseph Waldholtz represents that he has no assets or income out of which he could pay a significant monetary penalty; that his liabilities far exceed his assets; and that his income for calendar year 1998 was less than \$11,000.

V. Joseph Waldholtz knowingly and willfully violated 2 U.S.C. § 432(b)(3), 2 U.S.C. § 434(b), 2 U.S.C. § 441a(f), 2 U.S.C. § 441b(a), 2 U.S.C. § 441f, and 2 U.S.C. § 441g.

VI. The Commission, on request of anyone filing a complaint under 2 U.S.C. § 437g(a)(1) concerning the matters at issue herein or on its own motion, may review compliance with this agreement. If the Commission believes that this agreement or any requirement thereof has been violated, it may institute a civil action for relief in the United States District Court for the District of Columbia.

VII. This agreement shall become effective as of the date that all parties hereto have executed same and the Commission has approved the entire agreement.

VIII. Respondent shall have no more than thirty (30) days from the date this agreement becomes effective to comply with and implement the requirements contained in this agreement and to so notify the Commission.

IX. This Conciliation Agreement constitutes the entire agreement between the parties on the matters raised herein, and no other statement, promise, or agreement, either written or oral, made by either party or by agents of either party, that is not contained in this written agreement shall be enforceable.

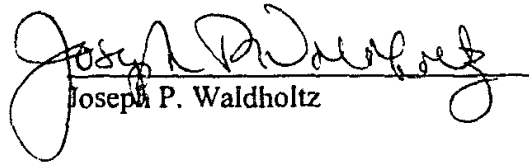
FOR THE COMMISSION:

Lawrence M. Noble
General Counsel


Date

10/12/99

FOR THE RESPONDENT:


Joseph P. Waldholtz

9-7-99
Date